

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.)
)
1. TIMOTHY JOHN LAMBRECHT and)
)
2. JOSEPH MICHAEL HANSON,)
)
Defendants.)

INDICTMENT

CR 13-161 DSD/JSM

18 U.S.C. § 371

18 U.S.C. § 981(a)(1)(C)

18 U.S.C. § 2461 (c)

THE UNITED STATES GRAND JURY CHARGES THAT:

COUNT 1

(Conspiracy to Commit Mail and Wire Fraud)

1. At all times relevant to this Indictment, defendant Timothy John Lambrecht ("Lambrecht") and defendant Joseph Michael Hanson ("Hanson") were individual residents of the State of Minnesota.

2. At all times relevant to this Indictment, Lambrecht owned and controlled InCompass, Inc. ("InCompass"), a Minnesota corporation engaged in the business of providing information technology services to third parties.

3. At all times relevant to this Indictment, Lambrecht also owned and controlled TRAC Enterprises, LLC, ("TRAC"), a Minnesota shell corporation which Lambrecht used to perpetrate parts of the scheme described below.

4. At all times relevant to this Indictment, Individual A and Individual B were each Minnesota residents who conspired with Lambrecht and Hanson in defrauding equipment-leasing companies and insurance companies, as described below.

FILED JUN 18 2013
RICHARD D. SLETTEN
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5. At times relevant to this Indictment, Lambrecht and Hanson owned, in equal shares, HLI, LLC, which owned the building in New Brighton in which InCompass has its principal place of business (the “HLI Building”). Lambrecht and Hanson paid a portion of the proceeds of the fraud scheme described below to the lender which financed the defendants’ acquisition of the HLI Building.

6. In general, “equipment leasing” refers to a transaction in which a vendee acquires the use of equipment by engaging a lender to purchase the equipment from a vendor for cash and then rent or lease it to the vendee at a flat monthly rate for a specified number of months.

7. From in or about December of 2008 through in or about at least May 2012, in the State and District of Minnesota, the defendants,

**TIMOTHY JOHN LAMBRECHT and
JOSEPH MICHAEL HANSON,**

knowingly and unlawfully conspired with Individual A, Individual B and others known and unknown to the grand jury to commit offenses against the United States, including mail fraud and wire fraud, by executing a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, by knowingly:

- a. transmitting and causing the transmission in interstate commerce, by means of wire communications, certain signals and sounds, for the purpose of executing such scheme and artifice, and

- b. causing the sending, delivering, and moving by the United States Postal Service and interstate commercial carrier of various mailings for the purpose of executing such scheme and artifice.

PURPOSE OF CONSPIRACY

8. It was the purpose of the conspiracy to lease or to cause third parties to lease computer equipment from Wells Fargo Equipment Finance (“WFEF”) and other equipment lessors at greatly inflated values to create a pool of funds which Lambrecht and Hanson used to pay their personal or business expenses, and then to submit false claims to insurance companies claiming that the equipment had been stolen, causing aggregate losses exceeding \$750,000.

MANNER AND MEANS

THE DELL EQUALLOGIC PS5500E

9. It was part of the conspiracy that, in December of 2008, Lambrecht caused TRAC to purchase a Dell EqualLogic PS5500E (the “5500”), a storage area network (“SAN”) device, directly from Dell for its approximate fair market value of \$27,700.

10. It was part of the conspiracy that, in February of 2009, Lambrecht caused WFEF to purchase the 5500 from TRAC at the greatly inflated price of approximately \$112,300 and then to lease it to InCompass. The transaction defrauded WFEF in that

- Lambrecht caused Hanson to pose as the owner or representative of TRAC in order to hide from WFEF that the vendor (TRAC) and vendee (InCompass) were owned by the same person (Lambrecht) and that the transaction was not at arm’s length;
- Lambrecht was borrowing money to “obtain” computer equipment he already owned;

- Lambrecht misled WFEF to finance the acquisition by InCompass from TRAC of additional equipment (a Dell Poweredge 2970 and a Dell Poweredge M100E) worth approximately \$104,000, which InCompass already owned; and
- The amount WFEF was misled into financing included fictitious "training/consulting" services purportedly worth \$28,750, which were never provided by TRAC or Hanson, in order to obtain a total of over \$246,179 from WFEF which Lambrecht used to prop up InCompass (even though InCompass was the putative lessee of the 5500) and portions of which Lambrecht and Hanson paid to service their loan on the HLI Building.

11. On or about July 13, 2010, defendant Lambrecht falsely reported to his insurance carrier, Hartford Casualty Insurance Company (the "Hartford"), that the 5500 had been stolen from the premises of InCompass in a burglary that purportedly occurred on or about July 10, 2010, when in fact Lambrecht had put the 5500 at a data center separate from the premises of InCompass and never lost the possession or use of the 5500.

12. On or about July 26, 2010, the defendants submitted an invoice to the Hartford from "Computer Parts Unlimited," a business owned by defendant Hanson and bearing defendant Hanson's home address, in support of defendant Lambrecht's claim for "reimbursement" for over \$170,000 in "replacement" equipment and data recovery services for the 5500, when in fact Hanson never sold or provided such equipment or services and Lambrecht never purchased such equipment or services.

13. Between July of 2010 and January of 2011, and as a result of the fraudulent insurance claim, Lambrecht deposited a total of just over \$498,000 received from the Hartford into bank accounts in the name of InCompass and TRAC, even though he continued to cause InCompass to use the 5500 in the course of its business.

THE DELL EQUALLOGIC PS6000E

14. On or about March 25, 2009, defendant Lambrecht, defendant Hanson, Individual A and Individual B (who was a business partner of Individual A) caused an entity owned by Individual B to purchase from InCompass a Dell Equallogic PS6000E SAN (the "6000") for approximately \$74,100 (even though Lambrecht contemporaneously acquired the 6000 directly from Dell for \$22,000) (along with other similarly inflated equipment and purported design and installation services never provided by InCompass for a total of \$224,888) using funds that Individual B's entity fraudulently obtained from WFEF in that

- Individual B never intended to or did lease the 6000 and never took possession of or used the 6000 in any way, contrary to Individual B's representations to WFEF;
- The 6000 was never located at the address listed on the documentation submitted to WFEF but rather was located at the business premises of InCompass at the HLI Building and used to further InCompass' business;
- Despite the fact that InCompass was the purported seller of the equipment, InCompass paid approximately \$153,000 of the proceeds it received from WFEF to an entity owned by Individual A (mediately through TRAC), which in turn paid \$155,000 to Individual B (even though Individual B's company was the purported lessee of the 6000); and
- Individual B relied on Individual A to make the monthly lease payments through a secret, material side deal not disclosed to WFEF.

15. As a result of the transaction, defendant Lambrecht stole approximately \$28,511.17 from WFEF (according to his own calculations) yet retained the use of the 6000 even as Individual A received \$153,000 to pay an antecedent debt to Individual B.

FRAUDULENT CLAIM FOR BUSINESS INTERRUPTION

16. On or about July 19, 2010, defendant Lambrecht submitted a fraudulent claim to the Hartford alleging the purported interruption of a business relationship with Individual A that arose out of the fictitious theft of the 6000 during the “burglary” on July 10, 2010, a claim falsely buttressed by a cancellation letter written by Individual A at defendant Lambrecht’s request.

LOSSES

17. As a result of the conspiracy, WFEF lost at least \$100,000 and the Hartford lost approximately \$498,000.

18. On or about July 21, 2010, Individual A made a false claim to Indiana Insurance that a company owned by Individual A owned the 6000 and that the 6000 had been stolen from the premises of InCompass on or about July 10, 2010, along with other equipment for which Individual A made a claim.

19. On or about November 22, 2010, one business day after a Special Agent of the Federal Bureau of Investigation contacted Lambrecht about the 6000, Lambrecht informed a representative of Indiana Insurance that the 6000 had never, in fact, been stolen. However, Indiana Insurance nonetheless lost approximately \$160,000 as a result of Individual A’s claim for the rest of the computer equipment purportedly stolen on July 10, 2010.

OVERT ACTS

In furtherance of the conspiracy, and to achieve its purposes, the defendants committed, among other acts, the following overt acts:

20. On or about February 3, 2009, defendant Lambrecht emailed defendant Hanson a written request for Hanson to determine whether WFEF could discover that Lambrecht owned TRAC by using the wiring information provided by Lambrecht and Hanson to WFEF in connection with the fraudulent leasing transaction involving the 5500.

21. On or about February 4, 2009, defendant Hanson responded by email to defendant Lambrecht indicating that WFEF could not discover that Lambrecht owned TRAC using the wiring information provided to WFEF in connection with the 5500 transaction.

22. On or about March 13, 2009, Individual B signed a WFEF application to purchase servers and IT equipment valued at \$225,000, which he never intended to or did possess, use or pay for.

23. On or about July 13, 2010, defendant Lambrecht contacted a Hartford representative and falsely stated that servers and other equipment had been stolen from the premises of InCompass.

24. On or about August 17, 2010, defendant Lambrecht sent an email to the Hartford with an attachment describing the 5500 allegedly stolen.

All in violation of Title 18, United States Code, Section 371.

FORFEITURE ALLEGATIONS

Count 1 of this Indictment is hereby realleged and incorporated as if fully set forth herein by reference, for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c).

As the result of the offenses alleged in Count 1 of this Indictment, the defendants shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the violations of Title 18, United States Code, Section 371.

If any of the above-described forfeitable property is unavailable for forfeiture, the United States intends to seek the forfeiture of substitute property as provided for in Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

All in violation of Title 18, United States Code, Sections 371 and 981(a)(1)(C), and Title 28, United States Code, Section 2461(c).

A TRUE BILL

UNITED STATES ATTORNEY

FOREPERSON